



GRANT PROGRAMS DIRECTORATE POLICY

- I. **TITLE:** Economic Hardship Waivers of Cost Share and Maintenance of Effort Requirements for the Assistance to Firefighters (AFG) and Fire Prevention & Safety (FP&S) Grant Programs.
- II. **DATE OF ISSUANCE:** April 8, 2014
- III. **POLICY STATEMENT:** In cases of demonstrated economic hardship, and upon the request of the grantee, the Administrator may waive or reduce an AFG or FP&S grantee's cost share or maintenance of effort requirement for certain grantees. 15 U.S.C. § 2229(k)(4)(A). This policy applies to the AFG and FP&S grant programs per § 33 of the Federal Fire Prevention and Control Act of 1974 (P.L. 93-498, as amended) (15 U.S.C. § 2229).
- IV. **PURPOSE:** The purpose of this guidance is to provide AFG and FP&S grantees with guidance on requesting a waiver or reduction of their non-federal funds cost share requirement, maintenance of effort requirement, or both, in cases of demonstrated economic hardship (an "Economic Hardship Waiver"). This guidance provides the minimum requirements for eligibility to request an Economic Hardship Waiver and the process and mechanism for requesting an Economic Hardship Waiver.
- V. **SCOPE AND EXTERNAL AUDIENCE:** This policy applies to AFG and FP&S grantees commencing with the FY 2013 grant cycle.
 - A. All AFG grantees may request an Economic Hardship Waiver, provided that they properly demonstrate economic hardship by meeting the minimum requirements detailed in Sec. IX. Policy Details.
 - B. For FP&S, only grantees that are fire departments are eligible to request an Economic Hardship Waiver, per 15 U.S.C. § 2229(k)(4)(C), provided that they properly demonstrate economic hardship by meeting the minimum requirements detailed in Sec. IX. Policy Details. FP&S grantees that are national, regional, state, local, tribal organizations, or nonprofit organizations that are not fire departments and that are recognized for their experience and expertise with respect to fire prevention or fire safety programs and activities and firefighter research and development programs are not eligible to request



GRANT PROGRAMS DIRECTORATE POLICY

or receive an Economic Hardship Waiver, in accordance with 15 U.S.C. § 2229(k)(4)(C).

- C. Not all AFG and FP&S grantees will meet the minimum requirements to request an Economic Hardship Waiver.
- D. This policy is not retroactive; it does not apply to FY 2012 and previous grant years.

VI. AUTHORITY: This policy is governed by the following authority:

§ 33 of the Federal Fire Prevention and Control Act of 1974 (P.L. 93-498, as amended) (15 U.S.C. § 2229).

VII. OBJECTIVES: To establish what constitutes demonstrated economic hardship, and how eligible AFG and FP&S grantees may apply for an Economic Hardship Waiver.

In January 2013, Congress reauthorized the AFG and FP&S programs as part of the *National Defense Authorization Act for Fiscal Year 2013* (P.L. 112-239). Among the changes made to these grant programs, Congress added a new requirement permitting the Administrator to waive or reduce the statutory cost match and maintenance of effort requirements placed upon AFG and FP&S grantees in cases of demonstrated economic hardship. See 15 U.S.C. § 2229(k)(4)(A). This policy implements this new requirement.

VIII. DEFINITIONS, ABBREVIATIONS, AND FORMATTING:

A. Definitions

- 1) **Administrator** – the Administrator of FEMA, as defined in 15 U.S.C. § 2229(a)(1).
- 2) **Cost Share Requirement** is the AFG or FP&S grantee's requirement to make available non-Federal funds to carry out such activity in an amount equal to a certain percentage of the grant awarded, pursuant to 15 U.S.C. §§ 2229(k)(1)-(2) and as enumerated in each grant program's respective funding opportunity announcement (FOA).
- 3) **Economic Hardship Waiver** is a request – made by eligible grantees and reviewed by the Administrator – to waive or reduce AFG or FP&S



GRANT PROGRAMS DIRECTORATE POLICY

grantees' cost share requirement, maintenance of effort requirement, or both, in cases of demonstrated economic hardship, per the terms of this policy.

- 4) **First Due Response Geographic Area** means a geographical area in proximity to a fire or rescue facility and normally served by the personnel and apparatus from that facility in the event of a fire or other emergency.
- 5) **Grantee**, for purposes of this policy reference to an AFG or FP&S grantee also includes AFG or FP&S grant applicants.
- 6) **Maintenance Of Effort Requirement** means an AFG or FP&S grantee's requirement to agree to maintain during the term of the grant their aggregate expenditures relating to the activities allowable under the grant program's FOA at not less than 80 percent of the average amount of such expenditures in the two fiscal years preceding the fiscal year in which the grant award is received, pursuant to 15 U.S.C. § 2229(k)(3) and each grant program's respective FOA.
- 7) **Peer Review Panel** refers to the review process of reviewing AFG or FP&S grant applications as enumerated in each program's respective FOA.
- 8) **State** refers to any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and any possession of the United States.

B. Abbreviations

- 1) **AFG:** Assistance to Firefighters Grant Program
- 2) **DHS:** Department of Homeland Security
- 3) **FEMA:** Federal Emergency Management Agency
- 4) **FOA:** Funding Opportunity Announcement
- 5) **FP&S:** Fire Prevention & Safety Grants Program
- 6) **SNAP:** U.S. Department of Agriculture's Supplemental Nutrition Assistance Program (formerly known as the Food Stamp Program)



GRANT PROGRAMS DIRECTORATE POLICY

IX. Policy Details:

A. Eligibility – Demonstrating Economic Hardship

For a grantee to be eligible for an Economic Hardship Waiver, the grantee must affirm that their governing agency or municipality does not have the available financial resources to cover all or part of the cost share or maintenance of effort requirements. Grantees must affirm that they do not have access to financial resources from any source that could be used to cover these costs, including from: reserve funds, savings accounts, rainy day funds, or other financial instruments.

In addition to this affirmation, to be eligible for an Economic Hardship Waiver, a grantee must demonstrate economic hardship in one of two ways:

1. Demonstrate that all of the following conditions exist within the community consisting of the grantee's first-due response geographical area:
 - a. That the rate of unemployment in the grantee's community has increased over each of the previous three (3) years preceding the application for the waiver. Each grantee submitting an Economic Hardship Waiver shall supply statistics indicating their local unemployment rates for the previous three years.
 - b. That the rate of unemployment in the grantee's community currently exceeds, and has consistently exceeded for each of the previous three (3) years, the annual national average rate of unemployment by not less than four (4) percentage points. See, for example national unemployment rate data at: <http://data.bls.gov/cgi-bin/surveymost>
 - c. That the median household income over the last three (3) years for the grantee's community has been 80% or less than that of the median household income in the State in which the grantee is located in each of the past three (3) years. See, for example county-level data at: <http://www.ers.usda.gov/data-products/county-level-data-sets/.aspx>



GRANT PROGRAMS DIRECTORATE POLICY

- d. That the poverty rate of the grantee's community has remained at a rate of 150 percent or greater that of the national poverty rate. See, for example, county level data at: <http://www.ers.usda.gov/data-products/county-level-data-sets/.aspx>; or,
2. Demonstrate that the grantee, or the grantee's governing agency or municipality, has filed for bankruptcy (Chapter 9, Title 11), or has been placed under third party financial oversight or receivership within the previous three (3) years.

Note: Grantees may also supply *optional* information supporting their waiver request. Such information may include data which shows the percentage of individuals in the grantee's community who are eligible to receive assistance under the U.S. Dept. of Agriculture's Supplemental Nutrition Assistance Program (SNAP) has increased over the three (3) year period preceding the application for the waiver. See, for example, SNAP data at: <http://www.fns.usda.gov/pd/SNAPmain.htm>. Submitting this information does not replace the requirement that the grantee must meet the requirements of either Section IX.A.1. or IX.A.2, above, in order to be eligible for an Economic Hardship Waiver.

B. Economic Hardship Waiver Application Process

Only those applicants or grantees whose applications have undergone further evaluation through the Peer Review Panel evaluation, and are either pending award, or have been recommended for award will be permitted to submit an application for an economic hardship waiver. Final submission of an Economic Hardship Waiver will require the grantee to formally accept the grant through the AFG e-grant system in order to access and submit the amendment request. In the event that the Economic Hardship Waiver request is denied by the Administrator or reduced but not granted in full, the grantee will have the option to either retain the award, or to return the award without penalty.

When submitting an Economic Hardship Waiver request, the grantee shall:



GRANT PROGRAMS DIRECTORATE POLICY

1. Identify the data source(s) and provide attribution in support of their claim(s) of economic hardship. All data sources must be verifiable. Failure to supply the source(s) of the data supplied will result in the waiver request being denied.
2. Submit their waiver request, in proper format, via a Cost Over/Under-run Amendment using the AFG e-Grant System. Upon receipt of the waiver request, the applicant will be contacted by the AFG program office with detailed instructions as to how to submit all required supporting documentation. The AFG program office will confirm receipt of the submitted information and subsequently attach the submitted information to the applicants grant file through the AFG e-grant system.

The Administrator, with input from the FEMA Grant Programs Directorate, will have the final authority to make determinations as to whether an application for an Economic Hardship Waiver will be granted. Meeting the eligibility requirements described above does not entitle a grantee to an Economic Hardship Waiver. All decisions regarding Economic Hardship Waivers by the Administrator are final. Grantees will not be permitted to appeal any Economic Hardship Waiver decision made by the Administrator. Additionally, FEMA reserves the right to request additional or clarifying information from the grantee after any Economic Hardship waiver has been submitted before deciding on the waiver request.

C. Impacts on Cost Share and Maintenance of Effort Requirements

Where a full waiver has been requested, FEMA reserves the right to reduce, but not eliminate, the grantee's cost share or maintenance of effort requirement. Should FEMA grant an Economic Hardship Waiver of the cost share requirements, this shall only have an effect on the grantee's required cost share. FEMA will not increase the amount of the Federal share awarded.

X. ROLES & RESPONSIBILITIES:



GRANT PROGRAMS DIRECTORATE POLICY

- A. FEMA AFG Program Staff are responsible for implementing this policy, including confirming that AFG and FP&S grantees have properly applied for an Economic Hardship Waiver per the terms of this policy.
 - B. AFG and FP&S grantees are responsible for requesting an Economic Hardship Waiver per the terms of this policy.
 - C. The Administrator will have the final authority to make determinations as to whether an application for an Economic Hardship Waiver will be granted.
 - D. The AFG Help Desk is responsible for addressing grantee's questions and requests for additional information. Grantees may contact the AFG Help Desk at firegrants@dhs.gov or by calling (866) 274-0960.
- XI. MONITORING AND EVALUATION:** AFG Program Staff will ensure compliance with this policy through its review of every Economic Hardship Waiver request.
- XII. RESPONSIBLE OFFICE:** The FEMA Grant Programs Directorate, Assistance to Firefighters Grant Program Branch is responsible for the content of this policy.
- XIII. SUPERSESSION:** This policy does not supersede other policy on this subject.
- XIV. REVIEW DATE:** It is FEMA policy to review policies and reissue, revise, or rescind the policy within three years of the date of issuance.

Brian E. Kamoie
Assistant Administrator for Grant Programs